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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**[Docket No. FR-5447-C-01]**

**Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants; Correction**

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

**ACTION:** Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants; Correction.

**SUMMARY:** On October 19, 2010, HUD published the “Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants” (Unified NSP Notice) in the Federal Register, at 75 FR 64322. That notice provided unified program requirements for the NSP1 grantees and NSP3 grantees. The allocation formula, application process and program requirements for NSP1 grantees were originally published in an October 6, 2008 Federal Register Notice at 73 FR 58330 and amended by a June 19, 2009, April 9, 2010, and an August 27, 2010 Federal Register Notice at 74 FR 29223, 75 FR 18228 and 75 FR 52772, respectively. This notice is revising the Unified NSP Notice to include the provision of corrective action(s) or sanctions among HUD’s remedial actions for failure of NSP1 grantees to meet the four year expenditure requirement.

**FOR FURTHER INFORMATION CONTACT:** Stanley Gimont, Director, Office of Block Grant Assistance, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7286, Washington, DC 20410, telephone number 202-708-3587 (this is not a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. FAX inquiries may be sent to Mr. Gimont at 202-401-2044.

## **SUPPLEMENTARY INFORMATION:**

### **Program Background and Purpose**

The Neighborhood Stabilization Program (or NSP) was established by the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, approved July 30, 2008), specifically Division B, Title III of HERA, for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. HERA appropriated \$3.92 billion to be made available to all states and selected local governments on a formula basis, commonly referred to as NSP1.

The purpose of the funds awarded under NSP is to target the stabilization of neighborhoods negatively affected by properties that have been foreclosed upon and abandoned. The Unified NSP Notice provides further background for the program, the program principles, and the objectives and outcomes of the NSP program.

NSP is a component of the CDBG program, authorized under Housing and Community Development Act of 1974 (HCD Act) (42 U.S.C. 5301 et seq.).

## **SUMMARY OF CORRECTIONS**

### **M. Timeliness of Use and Expenditure of NSP Funds**

#### Background

This notice is revising section II.M of the Unified NSP Notice to include providing for corrective action(s) or sanctions among HUD's remedial actions for failure of NSP1 grantees to meet the 4 year expenditure requirement. As provided in the "Background" of section M of the Unified NSP Notice, HUD intended that recapture, corrective actions or sanctions be among the available remedies for all NSP grantees. However, two of these remedies were inadvertently omitted from the requirement. This revision adds the omitted language.

Revised Requirement

Section II.M.2 of the Unified NSP Notice is revised to read:

Timely expenditure of NSP1 funds. The timely distribution or expenditure requirements of sections 24 CFR 570.494 and 570.902 are waived to the extent necessary to allow the following alternative requirement: All NSP1 grantees must expend on eligible NSP activities an amount equal to or greater than the initial allocation of NSP1 funds within 4 years of receipt of those funds or HUD will recapture and reallocate the amount of funds not expended or provide for other corrective action(s) or sanction.

Dated: March 1, 2013

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Mark Johnston  
Deputy Assistant Secretary for Special Needs

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